

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2011

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Chemung County Industrial Development Agency
Elmira, New York

We have audited the accompanying balance sheets of the Chemung County Industrial Development Agency, a component unit of the County of Chemung, New York, as of December 31, 2011 and 2010, and the related statements of income, expenses, and changes in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chemung County Industrial Development Agency as of December 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012, on our consideration of the Chemung County Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule of project information on pages 15 to 16 are presented for the purpose of additional analysis and is not a required part of the financial statements of Chemung County Industrial Development Agency. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Chemung County Industrial Development Agency has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 30, 2012

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Balance Sheets
December 31, 2011 and 2010

	<u>2011</u>	<u>Restated 2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 887,691	\$ 285,227
Restricted cash	-	377,944
Accounts receivable	1,432,320	10,854
Prepaid expenses	9,162	11,866
Loans receivable - current portion	253,942	419,837
Grants receivable - current portion	<u>496,587</u>	<u>1,153,245</u>
Total current assets	3,079,702	2,258,973
Loans Receivable - Net of Current Portion	2,652,532	2,768,913
Grants Receivable - Net of Current Portion	4,842,037	4,757,121
Restricted Asset - Revolving Loan Fund	265	265
Property and Equipment - Net	26,131,932	17,012,404
Other Assets - Net	<u>134,429</u>	<u>147,473</u>
Total Assets	<u>\$ 36,840,897</u>	<u>\$ 26,945,149</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Loans payable - current portion	\$ 1,487,097	\$ 906,324
Bonds payable - current portion	542,985	829,382
Accounts payable	1,481,618	414,604
Deferred revenue - rental income	115,315	-
Accrued state cost recovery assessment	-	196,147
Accrued interest	<u>148,092</u>	<u>348,813</u>
Total current liabilities	<u>3,775,107</u>	<u>2,695,270</u>
Long-Term Debt		
Loans payable - net of current portion	19,906,951	10,866,504
Bonds payable - net of current portion	5,068,983	5,854,106
Deferred revenue - revolving loan fund	<u>265</u>	<u>265</u>
Total long-term debt	<u>24,976,199</u>	<u>16,720,875</u>
Total Liabilities	<u>28,751,306</u>	<u>19,416,145</u>
Net Assets (Deficit)		
Investment in capital assets - net of related debt	6,211,407	7,551,609
Unrestricted	<u>1,878,184</u>	<u>(22,605)</u>
Total net assets	<u>8,089,591</u>	<u>7,529,004</u>
Total Liabilities and Net Assets	<u>\$ 36,840,897</u>	<u>\$ 26,945,149</u>

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Statements of Income, Expenses, and Changes in Net Assets
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>Restated 2010</u>
Income		
Development grants and reimbursements	\$ -	\$ 2,159,560
Rental income	1,442,423	1,351,696
Fee income	759,893	551,788
Interest income	213,815	92,603
State cost recovery assessment forgiveness	196,147	-
Other income	<u>55,797</u>	<u>20,293</u>
Total income	<u>2,668,075</u>	<u>4,175,940</u>
Expenses		
Development grants and project costs	654,864	1,240,999
Property and insurance expenses	31,944	17,413
Depreciation and amortization	579,486	579,725
Interest expense	828,949	1,383,715
Other expenses	<u>12,245</u>	<u>226,309</u>
Total expenses	<u>2,107,488</u>	<u>3,448,161</u>
Change in Net Assets	<u>560,587</u>	<u>727,779</u>
Net Assets - Beginning - As Previously Stated	7,529,004	7,326,751
Restatement (Note 16)	<u>-</u>	<u>(525,526)</u>
Net Assets - Beginning - As Restated	<u>7,529,004</u>	<u>6,801,225</u>
Net Assets - Ending	<u>\$ 8,089,591</u>	<u>\$ 7,529,004</u>

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Cash received from operating income	\$ 1,523,704	\$ 3,215,687
Cash paid for operating expenses	<u>370,665</u>	<u>(2,986,017)</u>
Net cash flows from operating activities	<u>1,894,369</u>	<u>229,670</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of property and equipment	-	(474,826)
Repayments of loans payable	(191,129)	(406,450)
Repayments of bonds payable	(1,071,520)	(3,391,512)
Interest costs from refunding of loans	52,784	-
Proceeds from bonds payable	-	900,000
Reimbursement for previous years project expenditures	107,950	-
Restricted cash	377,944	5,641,051
Interest paid	<u>(1,029,670)</u>	<u>(1,341,331)</u>
Net cash flows from capital and related financing activities	<u>(1,753,641)</u>	<u>926,932</u>
Cash Flows from Investing Activities		
Development loans provided	-	(1,450,000)
Development loans repaid	282,276	443,776
Interest received	213,815	92,603
Cash paid for leasehold improvement	<u>(34,355)</u>	<u>-</u>
Net cash flows from investing activities	<u>461,736</u>	<u>(913,621)</u>
Net Change in Cash and Cash Equivalents	602,464	242,981
Cash and Cash Equivalents - Beginning	<u>285,227</u>	<u>42,246</u>
Cash and Cash Equivalents - Ending	<u>\$ 887,691</u>	<u>\$ 285,227</u>
Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities		
Change in net assets	\$ 560,587	\$ 727,779
Adjustments		
Depreciation and amortization	579,486	579,725
Interest income	(213,815)	(92,603)
Interest expense	828,949	1,383,714
Changes in assets and liabilities		
Accounts receivable	(1,421,466)	12,349
Grants receivable	571,742	(879,999)
Prepaid expenses	2,704	(4,257)
Accounts payable	1,067,014	(1,693,185)
Deferred revenue - rental income	115,315	-
Accrued state cost recovery assessment	<u>(196,147)</u>	<u>196,147</u>
Net cash flow from operating activities	<u>\$ 1,894,369</u>	<u>\$ 229,670</u>

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization and Purpose - The Chemung County Industrial Development Agency (the "Agency") was created in 1975 by its officers under the provisions of the laws of New York State for the purpose of encouraging economic growth in the County of Chemung, New York. The Agency is exempt from federal, state, and local income taxes.

The Agency is a public benefit corporation created in 1975 by an act of the New York State Legislature. The Agency's primary purpose is to promote and assist private sector industrial development and advance the job opportunities, and economic welfare of the people of the County of Chemung, New York.

One of the Agency's most important functions is to provide certain real property, sales and mortgage recording tax benefits in lease financing or revenue bond transactions to qualifying industrial and commercial entities in order to encourage industrial development in the County of Chemung, New York.

In addition to industrial development bonds and sale/leaseback transactions, the Agency offers a real property tax abatement program, known as PILOT. Projects that create new employment and are sponsored by the Agency may qualify for abatements of real property taxes, such as county, town and school taxes, through the PILOT (payment-in-lieu-of-taxes) program.

The Agency is a component unit of the County of Chemung, New York.

Basis of Accounting - Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, net assets, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of operating income, financial position, changes in net assets and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, the Agency has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting for enterprise funds and business-type activities.

Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For the purposes of the balance sheets and statements of cash flows, cash and cash equivalents include deposits with original maturities of three months or less. The Agency maintains cash and cash equivalents which periodically may exceed federally insured limits.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end would be immaterial and therefore an allowance has not been established.

Grants Receivable - Grants receivable are stated at the amount specified in the grant agreements obtained by the grant administrator.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Property and Equipment - Property and equipment acquired by the Agency are stated at cost (or estimated historical cost) including interest capitalized during construction where applicable. Contributed assets are recorded at fair market value at the date received. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets. Depreciation is computed over the following periods:

Land and land improvements	20 Years
Machinery and equipment	10 Years
Buildings	40 Years

Note 2. Deposits and Investments

The Agency's investment policies are governed by state law. Collateral is required for demand deposits, certificates of deposit, and repurchase agreements not covered by federal deposit insurance. Obligations which may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The Agency has a formal investment policy which is in compliance with the laws of the State of New York, Chapter 838, Title 7, Section 2925. The Agency is permitted to invest funds in the following types of investments: special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America and obligations of the State of New York. All deposits of the Agency are public funds and shall have a pledge of collateral by the bank or trust company in which the funds are deposited. The Treasurer of the Agency will determine the amount and length of time all funds are to be invested. The Agency will maintain relationships with the banks or trust companies doing business with the Agency and secure the best possible return. The Agency will prepare any reports requested by the Board to aid in monitoring the Agency's investment policy and performance.

The amounts on deposit in banking institutions and the related collateral as of December 31, 2011 are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand and savings deposits	\$ <u>887,691</u>	\$ <u>1,658,765</u>
Covered by FDIC insurance		\$ 1,658,765
Pledged collateral		<u>-</u>
Total deposits		\$ <u>1,658,765</u>

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land and land improvements	\$ 3,042,586	\$ -	\$ -	\$ 3,042,586
Machinery and equipment	1,065,785	-	-	1,065,785
Buildings	15,894,213	-	-	15,894,213
Construction in progress	<u>107,950</u>	<u>9,685,970</u>	-	<u>9,793,920</u>
Sub-total	20,110,534	9,685,970	-	29,796,504
Less, accumulated depreciation	<u>(3,098,130)</u>	<u>(566,442)</u>	-	<u>(3,664,572)</u>
Property and equipment - net	<u>\$ 17,012,404</u>	<u>\$ 9,119,528</u>	<u>\$ -</u>	<u>\$ 26,131,932</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Depreciation expense amounted to \$566,442 and \$566,681 for the years ended December 31, 2011 and 2010, respectively.

Included in property and equipment is a helicopter facility owned by the Agency and leased to Schweizer Aircraft Corporation (Schweizer). See Note 14.

Construction in progress is related to the construction and renovations to the Sikorsky Military Completions Center and Customer Delivery Center. See Note 15 for further details.

See Note 16 for details relating to the restatement in property and equipment.

Note 4. Loans Receivable

Loans receivable consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Receivable from Southern Tier Commerce Center, LLC, monthly payments of \$4,944, including interest at 3.5%. Loan was established December 2006 and due December 2016.	\$ 275,699	\$ 324,452
Receivable from the County of Chemung, New York, quarterly payments of \$25,750, including interest at 5.25%. Loan was established January 2000 and due in October 2019.	651,657	717,654
Receivable from Riverside Realty, LLC, non-interest bearing, monthly payments of \$196. Loan established November 2007 and due October 2022.	25,423	27,769
Receivable from Riverside Realty, LLC, monthly payments of \$7,239, including interest at 2.0%. Payments commenced the month after receipt of the final loan draw in the month of February 2010. Final loan was established in February 2010 and due February 2025.	1,004,901	1,070,959
Receivable from 2000 Lake Road, LLC, non-interest bearing, monthly payments of \$1,667. Loan was established May 2008 and due May 2018.	126,667	148,334
Receivable from Schweizer Aircraft Corporation, non-interest bearing, monthly payments of \$21,220. Loan was established in April 2010 and final payment made April 2011.	-	74,582
Receivable from County of Chemung, New York, non-interest bearing, quarterly payments of \$25,000. Loan established in April 2010 and due April 2024. All amounts received from the County will be used to make required payments on the bond payable to Elmira Savings Bank. See Note 9.	<u>822,127</u>	<u>825,000</u>
Total	2,906,474	3,188,750
Less, current portion	<u>(253,942)</u>	<u>(419,837)</u>
Long-term portion	<u>\$ 2,652,532</u>	<u>\$ 2,768,913</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 5. Other Assets

Other assets consisted of loan closing costs related to financing for the Schweizer facility discussed in Note 3. These amounts are being amortized over the terms of the loans. Amortization expense amounted to \$13,044 for the years ended December 31, 2011 and 2010.

The following is a schedule of future amortization of loan costs:

2012	\$	13,044
2013		13,044
2014		13,044
2015		13,044
2016		13,044
Thereafter		<u>69,209</u>
Total	\$	<u>134,429</u>

Note 6. Restricted Asset - Revolving Loan Fund

The Agency received a fund, held by the County of Chemung, New York, to grant or loan to County businesses or to use in project development to encourage economic growth in the County. This fund is reported as a restricted asset and as deferred revenue. The Agency has utilized all but \$265 of this fund, which remains available at December 31, 2011 and 2010.

During 2007, the Agency borrowed \$200,001 from the County of Chemung, New York to provide funding for project development. These funds will be reimbursed in future periods in association with future period excess cash flows, and remain outstanding at December 31, 2011 and 2010. See Note 8.

Note 7. State Cost Recovery Assessment

Public Authorities Law Section 2975 which passed in 2009 established a cost recovery of central government services provided to public authorities by New York State. The 2009-2010 administrative services assessment for the Agency was \$196,147, and was billed to the Agency by the New York State Department of Taxation in February of 2011 and was due March 31, 2011. The cost recovery assessment was accrued in the 2010 financial statements. The Agency was notified on April 12, 2011 that the Public Authorities Law Section 2975 had been repealed. A reimbursement was issued and received for funds paid by the Agency in pursuant to Section 2975. This amount was recognized in the statement of income, expense and change in net assets as State cost recovery assessment forgiveness.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 8. Loans Payable

Loans payable consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Payable to Chemung Canal Trust Co. Quarterly payments of \$25,750, including interest at 5.25%, through the year 2019.	\$ 651,657	\$ 717,654
Payable to Chemung Canal Trust Co. Interest only payments were made until September 2009, then annual principal payments of \$60,000, plus interest at 6.25%, through the year 2018.	420,000	480,000
Payable to County of Chemung, New York. Funds will be reimbursed in future periods in association with future period excess cash flows and are non-interest bearing.	200,001	200,001
Payable to NYS Department of Transportation (NYSDOT), non-interest bearing. Repayment to be made annually based on the value determined by the NYSDOT of \$204,960 as follows: 10% in 2011, 20% for years 2012-2014 and final payment of 30% in 2015. During 2010, the loan value recorded by the Agency in prior years was adjusted to the amount determined by the NYSDOT. The difference was recorded as other income in 2010. During 2011, an initial payment of \$20,496 was made.	184,464	204,960
Payable to Community Bank, NA. Monthly payments of \$4,836 with an interest rate of 5.95%. This loan matures in February 2015. This loan was restructured in 2011 and combined with Five Star Bank loans to create a new loan below. See Note 15 for further details.	-	213,327
Payable to Five Star Bank. Monthly payments of \$8,062, including interest at 6.95%, amortized over ten years and maturing December 2017. The loan is collateralized by the Schweizer equipment and an assignment of the equipment lease discussed in Note 14. This loan was restructured in 2011 and combined with other Five Star Bank loans to create a new loan below. See Note 15 for further details.	-	532,631
Payable to Five Star Bank. Monthly payments of \$92,462, including interest at 6.95%, amortized over twenty years and maturing January 2028. On the ten year anniversary of the conversion to permanent financing (December 2017), the interest rate is adjusted to 225 basis points over the Five Year Treasury Bill rate. The loan is collateralized by the Schweizer facility and an assignment of the lease discussed in Note 14. This loan was restructured in 2011 and combined with other Five Star Bank loans to create a new loan below. See Note 15 for further details.	-	9,424,255
Payable to Five Star Bank. Monthly payments of \$199,124, including interest at 4.85%, amortized over twelve years and maturing in January of 2024. The loan is collateralized by the Schweizer equipment and by the Schweizer facilities and assignment of the lease discussed in Note 14.	<u>19,937,926</u>	<u>-</u>
Total	21,394,048	11,772,828
Less, current portion	<u>(1,487,097)</u>	<u>(906,324)</u>
Long-term portion	<u>\$ 19,906,951</u>	<u>\$10,866,504</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

The following is a schedule of future principal and interest loan payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,604,812	\$ 1,000,857	\$ 2,605,669
2013	1,838,543	1,175,811	3,014,354
2014	1,926,699	1,087,654	3,014,353
2015	2,039,826	995,024	3,034,850
2016	2,073,033	900,328	2,973,361
Thereafter	<u>17,148,209</u>	<u>3,163,330</u>	<u>20,311,539</u>
Total	<u>\$ 26,631,122</u>	<u>\$ 8,323,004</u>	<u>\$34,954,126</u>

The repayment schedule above reflects principal and interest repayment amounts relating to the restructured debt. See Note 15 for disclosure related to the restructure of the loans payable to Five Star Bank and Community Bank, N.A.

Total accrued interest relating to these loans payable was \$138,980 at December 31, 2011.

Note 9. Significant Project and Bonds Payable

The Agency began a significant project during 2009 with CVS Pharmacy, Inc. The project consisted of the following: the acquisition of an approximately 148 acre parcel of land located on White Wagon Road, the demolition of the existing facility, the construction of an approximately 751,000 square foot distribution center, the construction of various utility and other infrastructure improvements and the acquisition and installation of certain machinery and equipment to be used by the distribution center.

During 2009 the Agency authorized the issuance and sale of \$9,175,000 PILOT revenue bonds to fund the construction on this project.

Bonds payable consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Series 2009E Bond - Payable to Elmira Savings Bank in annual installments with a maturity date of October 15, 2020. Interest is payable in annual installments at a rate of 5.75%. Repayment of principal for this bond will be funded through a grant from the Economic Development Administration (EDA) for American Recovery and Reinvestment Act (ARRA) of \$1,454,080 to fund the portion of the project relating to the cost of enhancing the water and sewer system owned by the Agency as well as the cost of upgrading White Wagon Road owned by the County of Chemung, New York. The remaining portion of this bond will be paid back through PILOT revenue upon completion of the project.	\$ 4,753,955	\$ 5,783,488
Bond payable to Elmira Savings Bank in quarterly installments of \$25,000 with a maturity date of April 2024. Interest is payable in quarterly installments at a rate of 6.5%. Repayment of this bond will be made with proceeds from the loan receivable from Chemung County described in Note 4.	<u>858,013</u>	<u>900,000</u>
Total	5,611,968	6,683,488
Less, current portion	<u>(542,985)</u>	<u>(829,382)</u>
Long-term portion	<u>\$ 5,068,983</u>	<u>\$ 5,854,106</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

The following is a schedule of future principal and interest bond payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 542,985	\$ 235,836	\$ 778,821
2013	480,535	298,286	778,821
2014	508,557	270,264	778,821
2015	538,215	240,606	778,821
2016	569,487	209,334	778,821
Thereafter	<u>2,972,189</u>	<u>542,784</u>	<u>3,514,973</u>
Total	<u>\$ 5,611,968</u>	<u>\$ 1,797,110</u>	<u>\$ 7,409,078</u>

The Agency has recorded the following grants receivable related to this project:

County of Chemung, New York - future PILOT agreement	<u>\$ 5,338,624</u>
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Total accrued interest relating to this project at December 31, 2011 was \$9,112.

Note 10. Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and loans issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and loans are not obligations of the Agency or the State. The Agency does not record assets or liabilities resulting from completed bond and loan issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and loan holders. The funds arising from these transactions are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of the bonds and loans.

Note 11. Commitment

The Agency has a commitment to provide grant funding to a company in the amount of \$140,000 per year through 2012.

Note 12. City of Elmira Empire Zone

The Agency had an agreement with the City of Elmira to utilize a portion of its Empire Zone within the limits of the County but outside the geographic boundaries of the City of Elmira. During the year ended December 31, 2010, the Agency paid the City of Elmira \$50,000. The Agency is no longer committed to make payments on this agreement since the Empire Zone program ended in June 2010.

Note 13. Supplemental Cash Flow Information

	<u>2011</u>	<u>2010</u>
Cash paid during the year for:		
Interest	<u>\$ 1,029,670</u>	<u>\$ 1,341,331</u>
Non-cash operating activities		
Loan payable assumed for expensed project costs	<u>\$ 9,523,045</u>	<u>\$ -</u>
Loan payable assumed for capitalized closing costs	<u>\$ 128,570</u>	<u>\$ -</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 14. Leasing Arrangements

The Agency is the lessor of three facilities, equipment and paid-up oil and gas leases on three parcels of land.

One lease is for an industrial building in the Town of Horseheads for the term of forty years beginning December 1982 with a \$48,000 annual payment.

The second is for the Schweizer facility discussed in Note 3, which requires monthly payments of \$89,975. This lease is for fifteen years beginning September 2007. During years one through ten, base rent is determined on the amortized amount, as defined in the agreement, amortized over twenty years at an interest rate of 6.95%. During years eleven through fifteen, the base rental will be adjusted from the 6.95% rate in years one through ten to the five year treasury rate on the first day of the eleventh year plus 225 basis points. This lease has four renewal options, each for a period of five years. The equipment lease is for equipment used in the Schweizer facility and requires monthly payments of \$10,550 for a period of 168 months. This lease also has four renewal options, each for a period of five years. Both leases for the Schweizer facility and equipment have purchase options, with a stipulated formula in the facility lease based on outstanding loan balances for which the facility serves as collateral, equity reimbursement, plus closing costs; the equipment lease purchase option is based on fair market value as defined in the agreement.

In the terms of the third lease, the Agency is the lessor of land leased to Schweizer Aircraft Corporation. This lease began on October 1, 2009 and is for a term of five years, expiring September 30, 2014. The lease requires monthly payments of \$5,674. This lease also has four renewal options, each for a period of five years. At the end of the term of the lease, the lessee has an option to purchase the land.

The Agency has a fourth lease with Schweizer Aircraft Corporation for land that is used for a compass rose and parking area. This lease continues through August of 2016 and requires monthly payments totaling \$761.

The Agency has a fifth lease with Schweizer Aircraft Corporation for land that was used to construct and install improvements in connection with helicopter tie-downs. This lease continues through November of 2012 and requires monthly payments of \$8,354.

The Agency has a sixth agreement with Anschutz Exploration Corporation for lease payments to be made to the Agency at an annual rate per mineral acre through November 2012. Total rental income of this lease amounted to \$10,645 in 2011.

Total rental income for the years ended December 31, 2011 and 2010 was \$1,442,420 and \$1,351,696, respectively.

The following is a schedule of future minimum rentals to be received over the next five years, excluding the oil and gas right leases:

2012	\$ 1,423,420
2013	1,331,521
2014	1,314,498
2015	1,263,428
2016	<u>1,263,428</u>
Total	<u>\$ 6,596,295</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 15. Subsequent Events

During the year ended December 31, 2011, the Agency restructured three of the outstanding loans listed in the loans payable schedule in Note 8 into one Five Star Bank loan. The loans restructured include two Five Star Bank loans and one Community Bank, NA loan, amounting to \$10,170,213 at December 31, 2010. Within the restructuring, the Agency financed additional amounts to fund construction of and expansion to the Schweizer Military Completions Center facility throughout the 2011 year. Additional funds were also financed for accrued interest pay offs on the existing loan agreements and to finance applicable closing costs. The total amount financed within the restructuring amounted to \$21,500,000 upon closing on March 29, 2012. Interest on the loan is set at 4.8% over twelve years, ending December of 2023. All current year construction has been added to construction in progress and will be capitalized as a leasehold improvement upon completion of the project in 2012. Also included in this amount is loan closing costs. Upon completion of the project, the Agency will write off old loan closing costs of \$134,829 included in other assets on the statement of net assets. The Agency will lease this facility to Sikorsky. This leasehold improvement will be amortized over the life of the lease paid by Sikorsky to the Agency.

Subsequent to year end, the Agency financed an additional amount of \$3,675,000 on the loan payable to Five Star Bank to fund construction of the Sikorsky Customer Delivery Center and the Military Derivatives Customer Center North. The Agency will lease this facility to Sikorsky. This leasehold improvement will be amortized over the life of the lease paid by Sikorsky to the Agency.

The subsequent years payments schedule in Note 8 has been adjusted to reflect the repayments of \$21,500,000 and \$3,675,000 despite the balance for these loans at year ended December 31, 2011 amounting to \$19,937,926 and \$0 for the loans discussed in the two preceding paragraphs, respectively. Current portion of loans payable recorded in the statement of net assets has not been updated to reflect the 2012 payments of the \$3,675,000 Five Star Bank loan noted due to the loan having a zero balance at December 31, 2011.

The following is a schedule of future minimum lease payments to be received over the life of the loans disclosed in the three preceding paragraphs:

2012	\$ 2,290,431
2013	2,877,810
2014	2,877,810
2015	2,877,810
2016	2,877,810
Thereafter	<u>20,144,370</u>
Total	<u>\$ 33,946,041</u>

Subsequent to year end, Sikorsky donated property that consisted of a 46.14 acre site bordering the Elmira-Corning Regional Airport and buildings with total square footage of 180,874 to the Agency. The estimated fair market value of this property was \$2,500,000. The Agency will reflect this donation and related property acquired in their December 31, 2012 financial statements.

Note 16. Restatement

The Agency restated the beginning balance in property and equipment to properly reflect land that was donated in a previous period. The amount of restatement decreased net assets, classified as investments in capital assets net of related debt, by \$633,476.

The Agency restated the beginning balance in property and equipment to properly reflect construction costs related to the renovations discussed in Note 15 paid for in previous years. The amount of restatement increased net assets by \$107,950.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Project Information
December 31, 2011

Project Code	Project Type	Project Name	Project Address	City	State	Zip	Zip +4	Country	Project Purpose Notes	Project Purpose Code	Total Project Amount	Benefitted Project Amount	Bond/Note Amount	Total Lease Amount	Annual Lease Amount	Year Financial Assistance Ends	Federal Tax Status	Not For Profit	State Sales Tax Exemption	
1	0701-01-01-A	Bonds/Notes Issuance	Hathorn Redevelopment	346 Woodlawn Ave.	Elmira	NY	14901	1331	USA	Acquisition of land, renovation & construction of building, purchase equip.	Services	8,000,000	6,940,000	4,000,000	-	-	2023	Tax Exempt	Y	-
2	0701-01-02-A	Bonds/Notes Issuance	Economic Opportunity Program of Chemung County	650 Baldwin St.	Elmira	NY	14901	2216	USA	Acquisition of land, construction of building, purchase equip.	Services	3,960,064	3,732,054	4,200,000	-	-	2027	Tax Exempt	Y	-
3	0701-03-02-A	Bonds/Notes Issuance	Woodbrook Adult Home	1250 Maple Ave.	Elmira	NY	14904	2812	USA	Acquisition of land, renovation & construction of building, purchase equip.	Services	2,695,472	2,159,302	3,500,000	-	-	2023	Tax Exempt	Y	-
4	0701-04-01-A	Bonds/Notes Issuance	Arnott Ogden Medical Center	600 Roe Ave.	Elmira	NY	14905	1629	USA	Acquisition of land, renovation & construction of building, purchase equip.	Construction	16,203,307	10,088,864	16,710,000	-	-	2034	Tax Exempt	Y	-
5	0701-04-02-A	Bonds/Notes Issuance	Arnott Ogden Medical Center	600 Roe Ave.	Elmira	NY	14905	1629	USA	Acquisition of land, renovation & construction of building, purchase equip.	Construction	18,742,980	17,274,221	20,000,000	-	-	2034	Tax Exempt	Y	-
6	0701-99-01-A	Bonds/Notes Issuance	St. Joseph's Hospital	555 East Market St.	Elmira	NY	14901	3223	USA	Acquisition of land, construction of building, purchase equip.	Services/Const	32,295,000	32,295,000	32,295,000	-	-	2013	Tax Exempt	Y	-
7	0701-99-01-A	Bonds/Notes Issuance	Sorwill Development Group, LLC	Daniel Zenker Drive Ext.	Big Flats	NY	14814		USA	Acquisition of land, construction of building, purchase equip.	Const/Manu	5,911,400	5,911,400	5,024,690	-	-	2015	Tax Exempt	N	-
8	0701-00-01-A	Bonds/Notes Issuance	Elmira Sports Entertainment	155 N. Main St.	Elmira	NY	14901	2900	USA	Construction of ice skating/hockey arena	Services	15,500,000	15,300,000	1,250,000	-	-	2020	Tax Exempt	Y	-
9	0701-95-01-A	Bonds/Notes Issuance	Trayer Products, Inc.	541 East Clinton St.	Elmira	NY	14901	2553	USA	Acquisition of land, renovation & construction of building, purchase equip.	Const/Manu	5,000,000	4,675,000	5,500,000	-	-	2015	Taxable	N	-
10	0701-07-01-A	Bonds/Notes Issuance	Elmira College	One Park Place	Elmira	NY	14901	2085	USA	Acquisition of land, renovation & construction of building, purchase equip.	Construction	64,000,000	64,000,000	55,000,000	-	-	2038	Tax Exempt	Y	-
11	0701-07-02-A	Bonds/Notes Issuance	DDR Horseheads, LLC	500 Ann Page Road	Horseheads	NY	14845	7200	USA	Acquisition of land, Demolition & construction of building, purchase equip.	Const/Retail	76,733,205	76,733,205	1,856,000	-	-	2018	Taxable	N	-
12	0701-09-03-A	Bonds/Notes Issuance	CVS RX Services, Inc.	150 White Wagon Road	Chemung	NY	14825		USA	Acquisition of Land, Demolition & construction of building, purchase equip.	Retail/Construction	-	-	200,000	-	-	2011	Taxable	N	-
13	0701-09-05-A	Bonds/Notes Issuance	CVS RX Services, Inc.	150 White Wagon Road	Chemung	NY	14825		USA	Acquisition of land, Demolition & construction of building, purchase equip.	Retail/Construction	-	-	6,525,000	-	-	2021	Taxable	N	-
14	0701-09-01-A	Straight Lease	CVS RX Services, Inc.	150 White Wagon Road	Chemung	NY	14825		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Wholesale/Const	90,000,000	70,812,000	-	90,000,000	-	2025	Taxable	N	-
15	0701-10-01-A	Bonds/Notes Issuance	Chemung Performing Arts	207 Clemens Center Parkway	Elmira	NY	14901	3031	USA	Acquisition of Land, Building, Equipment, Consolidation of Debt	Services	17,000,000	17,000,000	900,000	-	-	2024	Tax Exempt	Y	-
16	0701-00-03-A	Straight Lease	Yunis-Welliver Development Co., Inc.	Airport Corporate Park	Big Flats	NY	14814		USA	Acquisition of Property, Construction of Facility, acquisition of machinery	Services/Const	8,125,000	8,125,000	-	8,125,000	-	2011	Taxable	N	-
17	0701-99-08-A	Straight Lease	The Krog Corporation	College & Woodlawn Ave.	Elmira	NY	14901		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Const/Wholesale	1,730,000	1,580,000	-	1,730,000	-	2012	Taxable	N	-
18	0701-99-05-A	Straight Lease	Elmira Savings Bank	333 East Water St.	Elmira	NY	14901	3400	USA	Acquisition of Land, Renovation & Construction of Building, Acquisition of Machinery	Const/Services	3,000,000	3,000,000	-	3,000,000	-	2018	Taxable	N	-
19	0701-04-04-A	Straight Lease	Silicon Carbide Products	Airport Corporate Park, Daniel Dr. Ext	Horseheads	NY	14845		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Const/Manu	1,234,000	1,181,000	-	430,000	-	2020	Taxable	N	-
20	0701-00-06-A	Straight Lease	EAS Development, LLC	Airport Corporate Park, Daniel Zenker Dr.	Big Flats	NY	14814		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Services/Const	2,027,000	2,027,000	-	2,000,000	-	2016	Taxable	N	-
21	0701-00-08-A	Straight Lease	Ulcraft of New York	5362 Railroad St., Box 280	Chemung	NY	14825	9750	USA	Construction of Steel Manufacturing Facility	Manu/Const	51,000,000	51,000,000	-	51,000,000	-	2021	Taxable	N	-
22	0701-00-09-A	Straight Lease	Amot Realty Corporation	203 Colonial Drive	Big Flats	NY	14814		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Services/Const	1,700,000	1,700,000	-	1,700,000	-	2020	Taxable	N	-
23	0701-00-10-A	Straight Lease	NTM Realty LLC	3460 Oakwood Ave.	Elmira Heights	NY	14903		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Wholesale	3,775,710	3,775,710	-	3,775,710	-	2011	Taxable	N	-
24	0701-03-03-A	Straight Lease	Central Recycling Co-op	260 Latta Brook Park	Horseheads	NY	14845	9008	USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Manu/Const	2,737,500	2,707,500	-	2,737,500	-	2019	Taxable	N	-
25	0701-04-03-A	Straight Lease	Silicon Carbide Products	361 Daniel Zenker Drive	Horseheads	NY	14845	1008	USA	Expansion of Building	Manu/Const	1,234,000	1,181,000	-	1,200,000	-	2013	Taxable	N	-
26	0701-96-01-A	Straight Lease	J.T. International C/O Provisions Modular Hardware	344 Daniel Zenker Dr	Horseheads	NY	14845		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Const/Manu	562,000	557,000	-	562,000	-	2013	Taxable	N	-
27	0701-01-03-A	Straight Lease	Plainview Associates	760 East Water St.	Elmira	NY	14901	3317	USA	Renovation of Building	Const/Retail	1,170,000	1,170,000	-	1,170,000	-	2012	Taxable	N	-
28	0701-01-04-A	Straight Lease	The Krog Corporation	1316 College Ave	Elmira	NY	14901	1169	USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Construction	2,140,000	2,140,000	-	2,140,000	-	2015	Taxable	N	-
29	0701-01-05-A	Straight Lease	Big Flats Storage, LLC	Sing Sing Road	Big Flats	NY	14814		USA	Acquisition of Property, Construction of Building, Acquisition of Land, Construction of Building, Acquisition of Machinery	Services/Const	3,767,000	3,767,000	-	3,767,000	-	2012	Taxable	N	-
30	0701-06-06-A	Straight Lease	Elmira Eastown Mall	150 Baldwin St.	Elmira	NY	14901	3016	USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Finance...	1,500,000	1,500,000	-	1,500,000	-	2016	Taxable	N	-
31	0701-97-05-A	Straight Lease	Belden (Thomas & Betts Corp.)	224 N. Main St., Bldg. K	Horseheads	NY	14845	1766	USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Const/Manu	40,000,000	39,950,000	-	40,000,000	-	2012	Taxable	N	-
32	0701-95-04-A	Straight Lease	Hardinge, Inc.	One Hardinge Dr., PO Box 1507	Elmira	NY	14902	1507	USA	Acquisition of Land, Construction of Building, Acquisition of Land, Construction of Building, Acquisition of Machinery	Manu/Const	5,275,000	5,000,000	-	5,275,000	-	2011	Taxable	N	-
33	0701-05-01-A	Straight Lease	John Meier, LLC	133 Philo Road	Elmira Heights	NY	14903	9705	USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Manu/Const	680,000	680,000	-	680,000	-	2021	Taxable	N	-
34	0701-05-03-A	Straight Lease	Dena Enterprises	2666 Coming Road	Horseheads	NY	14845	4207	USA	Renovation of Building	Retail/Const	1,000,000	980,000	-	1,000,000	-	2016	Taxable	N	-
35	0701-07-03-A	Straight Lease	Riverside Realty of Elmira, LLC	14 Daniel Zenker Drive	Big Flats	NY	14814		USA	Construction of Building	Retail/Const	4,570,000	4,535,500	-	4,570,000	-	2018	Taxable	N	-
36	0701-07-04-A	Straight Lease	Millenium Pipeline Company	One Blue Hill Plaza, 7th Floor	Pearl River	NY	10965	3104	USA	Natural Gas Transportation Pipeline	Gas/Const	47,000,000	47,000,000	-	7,255,000	-	2024	Taxable	N	-
37	0701-07-05-A	Straight Lease	Empire State Pipeline	6363 Main St.	Williamsville	NY	14221	5855	USA	Natural Gas Transportation Pipeline	Gas/Const	9,800,000	9,800,000	-	1,926,540	-	2024	Taxable	N	-
38	0701-08-02-A	Straight Lease	2000 Lake Road Holding Co.	2000 Lake Road	Elmira	NY	14903	1822	USA	Acquisition of Land, Acquisition of machinery & Equipment	Manufacturing	2,150,000	2,150,000	-	2,150,000	-	2028	Taxable	N	-
39	0701-08-03-A	Straight Lease	Clemens Center Landlord, LLC	207 Clemens Center Parkway	Elmira	NY	14901	3031	USA	Acquisition of Land, Renovation & Construction of Building, Acquisition of machinery & Equipment	Services/Const	15,465,950	13,448,334	-	15,465,950	-	2019	Tax Exempt	Y	-
40	0701-08-04-A	Straight Lease	DeMe's Candy Company	Hunt Drive	Big Flats	NY	14814		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Manu/Const	13,500,000	12,925,000	-	13,600,000	-	2019	Taxable	N	-
41	0701-09-02-A	Straight Lease	Seneca Beverage Corp.	2081 & 2085 Lake Road	Horseheads	NY	14845		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Wholesale/Const	8,500,000	8,500,000	-	8,500,000	-	2020	Taxable	N	-
42	0701-09-04-A	Straight Lease	3107 Group, LLC	100 West Chemung Place	Elmira	NY	14901		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Services/Const	1,183,300	916,600	-	1,183,300	-	2020	Taxable	N	-
43	0701-10-02-A	Straight Lease	General Revenue	325 Daniel Zenker Drive	Big Flats	NY	14814		USA	Acquisition of Land, Renovation & Construction of Building, Acquisition of machinery & Equipment	Services/Const	2,750,000	2,750,000	-	2,750,000	-	2015	Taxable	N	-
44	0701-10-03-A	Straight Lease	Kayden	224 N. Main St	Horseheads	NY	14845		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Manufacturing	1,240,000	950,000	-	1,240,000	-	2020	Taxable	N	-
45	0701-10-04-A	Straight Lease	Elmira Lodging	Colonial Drive	Big Flats	NY	14814		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Retail/Const	5,602,600	4,908,600	-	5,602,600	-	2012	Taxable	N	-
46	0701-10-05-A	Straight Lease	Schlumberger	E Street	Village of Horsehead	NY	14845		USA	Acquisition of Land, Construction of Building, Acquisition of Machinery	Services/Const	49,640,000	48,440,000	-	49,640,000	-	2021	Taxable	N	-
47	0701-10-06-A	Straight Lease	Plainview	760 East Water St.	Elmira	NY	14901		USA	Renovation of Building	Retail/Const	3,582,576	1,875,000	-	3,582,576	-	2012	Taxable	N	-
48	0701-10-07-A	Straight Lease	Anchor Glass	Grand Central, Lynwood Ave, McCans Blvd	Various	NY	Various		USA	Acquisition of Land, Renovation, Acquisition of Building	Manufacturing	1,000,000	1,000,000	-	1,000,000	-	2016	Taxable	N	-
49	0701-11-01-A	Straight Lease	1580 Lake Street, LLC	1580 Lake Street	Elmira	NY	14901		USA	Acquisition of Land, Renovation, Acquisition of Machinery and Equipment	Services	2,200,000	2,000,000	-	1,600,000	-	2027	Taxable	N	8,000
50	0701-11-02-A	Straight Lease	Broad Street Apartments	Sing Sing Road	Horseheads	NY	14845		USA	Acquisition of Land, Construction of Buildings, Acquisition of Machinery and Equipment	Services/Const	8,000,000	7,850,000	-	8,400,000	-	2014	Taxable	N	320,000
51	0701-11-04-A	Straight Lease	Grace Real Property	343 Daniel Zenker Drive	Big Flats	NY	14814		USA	Acquisition of Land, Acquisition of machinery & Equipment	Services	1,675,000	1,675,000	-	1,675,000	-	2021	Taxable	N	-

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Project Information
December 31, 2011

Local Sales Tax Exemption	County Real Property Tax Exemption	Local Real Property Tax Exemption	School Real Property Tax Exemption	Mortgage Recording Tax	Total Exemptions Net of RPTL Sec. 485 B Exemptions	County Pilot	Local Pilot	School Pilot	Date Project Approved	Date IDA Took Title or Leasehold Interest in Property	# of FTE's Before IDA Status	Original Est. of Jobs to be created	Average Est. Salary of Jobs to be created	Original Est. of Jobs to be Retained	Average Est. Salary of jobs to be Retained	Current # of FTE's	# of FTE Construction jobs During Fiscal year	Is the Last year Project needs to be Reported	There is no Debt Outstanding for this project	IDA Does Not hold title to the Property	The project receives no tax exemptions	Is this a multi-phase project related to an existing project	If yes, what is the original project code	
1	-	73,298	106,693	123,128	-	20,840	30,347	35,022	10/10/2001	10/11/2004	5	13	No Data	18	No Data	9	0	No	Na	Na	Na	Na	Na	
2	-	-	-	-	-	-	-	-	9/19/2000	10/2/2001	83	0	No Data	83	No Data	164	0	No	Na	Na	Na	Na	Na	
3	-	-	-	-	-	-	-	-	9/9/2003	11/12/2003	47	16	No Data	63	No Data	58	0	No	Na	Na	Na	Na	Na	
4	-	-	-	-	-	-	-	-	9/9/2003	3/10/2004	1404	4	No Data	1408	No Data	1995	0	No	Na	Na	Na	Na	Na	
5	-	-	-	-	-	-	-	-	9/9/2003	3/10/2004	1404	4	No Data	1408	No Data	1995	0	No	Na	Na	Na	Na	Na	
6	-	-	-	-	-	-	-	-	6/18/1999	6/25/1999	808	0	No Data	808	No Data	709	0	No	Na	Na	Na	Na	Na	
7	-	62,205	20,110	139,428	-	116,801	32,766	10,593	73,442	12/15/1999	12/29/1999	0	168	No Data	168	No Data	183	0	No	Na	Na	Na	Na	
8	-	-	-	-	-	-	-	-	1/28/2000	1/28/2000	0	79	No Data	79	No Data	0	0	No	Na	Na	Na	Na	Na	
9	-	21,608	26,982	35,487	-	84,077	21,608	26,982	35,487	10/17/1994	7/27/1995	212	8	No Data	220	No Data	114	0	No	Na	Na	Na	Na	
10	-	-	-	-	-	-	-	-	11/15/2007	12/12/2007	394	23	60,000	417	60,000	272	0	No	Na	Na	Na	Na	Na	
11	-	131,382	-	268,044	-	259,627	131,382	-	268,044	11/17/2006	12/20/2007	0	1750	30,000	1,750	-	0	No	Na	Na	Na	Na	Na	
12	-	-	-	-	-	-	-	-	3/12/2009	6/5/2009	0	0	-	0	-	0	0	Yes	Na	Na	Na	Na	Na	
13	-	-	-	-	-	-	-	-	3/12/2009	6/5/2009	0	0	-	0	-	0	0	No	Na	Na	Na	Na	Na	
14	-	309,737	31,007	1,268,000	-	536,109	309,737	31,007	634,000	3/12/2009	6/1/2010	0	0	-	0	-	306	0	No	Na	Na	Na	Na	
15	-	-	-	-	-	-	-	-	12/10/2009	4/29/2010	16	0	-	16	31,700	14	0	No	Na	Na	Na	Na	Na	
16	-	52,185	16,913	234,522	-	154,128	27,843	9,024	117,261	12/5/2000	12/7/2000	0	300	No Data	300	No Data	0	0	Yes	Na	Na	Na	Na	
17	-	80,554	110,040	133,496	-	162,045	40,277	55,020	66,748	5/13/1999	8/23/1999	19	3	No Data	22	No Data	21	0	No	Na	Na	Na	Na	
18	-	37,436	46,071	71,168	-	154,675	37,436	46,071	71,168	1/26/1996	3/20/1998	138	0	No Data	138	No Data	110	0	No	Na	Na	Na	Na	
19	-	8,070	2,616	18,132	-	8,645	4,035	1,308	9,066	11/12/2004	11/18/2004	0	10	No Data	10	No Data	20	0	No	Na	Na	Na	Na	
20	-	12,966	4,202	29,134	-	23,151	6,483	2,101	14,567	3/31/2000	6/9/2000	76	16	No Data	92	No Data	91	0	No	Na	Na	Na	Na	
21	-	148,988	66,629	267,748	-	483,365	148,988	66,629	267,748	7/12/2000	10/19/2000	0	300	No Data	300	No Data	205	0	No	Na	Na	Na	Na	
22	-	14,383	4,661	32,319	-	27,954	9,146	2,964	15,844	8/14/2000	11/30/2000	0	100	No Data	100	No Data	95	0	No	Na	Na	Na	Na	
23	-	28,014	14,470	68,075	-	59,357	15,196	7,235	36,926	12/22/2000	1/24/2001	42	10	No Data	52	No Data	2	0	Yes	Na	Na	Na	Na	
24	-	8,471	3,292	21,237	-	12,232	4,430	1,646	11,106	12/17/2003	12/17/2003	27	10	No Data	37	No Data	36	0	No	Na	Na	Na	Na	
25	-	8,070	2,616	18,132	-	8,645	4,035	1,308	9,066	11/12/2004	11/18/2004	12	16	No Data	28	No Data	20	0	No	Na	Na	Na	Na	
26	-	3,672	1,190	8,252	-	6,557	1,836	595	4,126	11/17/1997	12/19/1997	18	17	No Data	35	No Data	15	0	No	Na	Na	Na	Na	
27	-	39,653	55,020	66,748	-	-	-	-	2/9/2001	5/8/2001	25	2	No Data	27	No Data	30	0	No	Na	Na	Na	Na	Na	
28	-	80,554	110,040	133,496	-	40,277	55,020	66,748	5/1/2001	8/23/2001	110	215	No Data	325	No Data	108	0	No	Na	Na	Na	Na	Na	
29	-	30,342	9,834	68,180	-	6,188	16,904	5,478	37,984	5/24/2001	6/29/2001	5	0	No Data	5	No Data	6	0	No	Na	Na	Na	Na	
30	-	18,633	35,622	32,928	-	17,332	8,277	17,811	17,399	1/13/2005	8/2/2005	0	25	No Data	25	No Data	1	0	No	Na	Na	Na	Na	
31	-	65,112	37,493	132,505	-	117,556	32,556	18,747	66,253	1/13/1997	4/3/1997	800	200	No Data	1000	No Data	240	0	No	Na	Na	Na	Na	
32	-	37,288	8,522	86,319	-	132,129	37,288	8,522	86,319	8/3/1995	12/21/1995	917	87	No Data	1004	No Data	386	0	Yes	Na	Na	Na	Na	
33	-	3,960	48,360	8,290	-	15,153	1,980	24,180	4,145	10/21/2005	12/2/2005	14	19	No Data	33	No Data	41	0	No	Na	Na	Na	Na	
34	-	17,506	11,775	36,555	-	-	-	-	7/8/2005	8/26/2005	27	0	No Data	27	No Data	4	0	No	Na	Na	Na	Na	Na	
35	-	33,085	16,543	74,343	-	-	-	-	9/13/2007	12/18/2007	70	30	45,000	70	45,000	66	0	No	Na	Na	Na	Na	Na	
36	-	853,482	221,608	1,753,003	-	68,124	17,832	vb vvvvb	11/17/2006	9/13/2007	0	0	-	0	-	0	0	No	Na	Na	Na	Na	Na	
37	-	101,551	22,050	199,044	-	64,218	-	-	4/19/2007	7/26/2007	0	0	-	0	-	0	0	No	Na	Na	Na	Na	Na	
38	-	4,010	506	10,835	-	2,651	2,296	290	6,205	4/10/2008	5/1/2008	28	79	N/A	28	24,570	30	0	No	Na	Na	Na	Na	
39	-	-	-	-	-	-	-	-	8/14/2009	10/6/2008	16	17	38,220	16	30,030	14	0	No	Na	Na	Na	Na	Na	
40	-	60,794	19,703	133,128	-	128,175	60,794	19,703	133,128	9/18/2008	10/1/2008	0	82	-	0	-	339	0	No	Na	Na	Na	Na	
41	-	4,769	2,462	185,996	-	16,377	4,299	1,231	97,799	8/20/2009	9/30/2009	67	8	45,000	67	45,000	69	0	No	Na	Na	Na	Na	
42	-	8,589	1,482	15,174	-	3,222	5,003	741	8,838	3/27/2009	4/1/2009	27	3	50,000	27	50,000	20	0	No	Na	Na	Na	Na	
43	-	51,087	12,505	84,494	-	74,043	51,087	12,505	84,494	1/13/2005	5/31/2005	0	220	30,000	0	-	169	0	No	Na	Na	Na	Na	
44	-	1,386	134	2,896	-	693	67	1,448	12/10/2009	1/14/2010	16	13	45,000	16	-	57	0	No	Na	Na	Na	Na	Na	
45	-	3,082	2,110	7,238	-	-	-	-	10/14/2010	10/26/2010	0	15	20,000	0	-	11	0	No	Na	Na	Na	Na	Na	
46	-	24,084	16,321	31,758	-	5,681	12,042	8,160	28,546	11/12/2009	9/3/2010	0	340	65,000	0	-	323	0	No	Na	Na	Na	Na	
47	-	39,653	55,020	66,748	-	-	-	-	1/29/2010	4/9/2010	31	6	25,000	31	23,600	4	0	No	Na	Na	Na	Na	Na	
48	-	21,376	15,794	41,510	-	10,688	7,897	20,755	5/1/2010	5/1/2010	312	0	64,000	312	64,000	310	0	No	Na	Na	Na	Na	Na	
49	-	-	-	-	18,750	-	-	-	2/24/2011	4/1/2011	45	14	43,500	45	43,500	41	0	No	Na	Na	Na	Na	Na	
50	-	-	-	-	6,587	87,500	-	-	6,587	2/24/2011	6/7/2011	0	3	25,000	0	-	2	0	No	Na	Na	Na	Na	Na
51	-	13,972	8,214	30,310	-	-	13,972	8,214	30,310	9/10/2010	1/13/2011	34	0	-	34	97,554	28	0	No	Na	Na	Na	Na	



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Chemung County Industrial Development Agency
Elmira, New York

We have audited the financial statements of Chemung County Industrial Development Agency as of and for the year ended December 31, 2011, and have issued our report thereon dated March 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chemung County Industrial Development Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chemung County Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Chemung County Industrial Development Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings, as finding 2011-1, that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chemung County Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Chemung County Industrial Development Agency's response to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Chemung County Industrial Development Agency's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 30, 2012

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Summary Schedule of Findings
For the Year Ended December 31, 2011

FINDINGS - FINANCIAL STATEMENT AUDIT

FINDING 2011-1

Significant Deficiency - Auditor Adjustments of General Ledger: In connection with our audit, we were required to make significant general ledger adjustments in order to assist Chemung County Industrial Development Agency in preparing the financial statements and related footnotes. Although these adjustments were reviewed in detail with management, who takes responsibility for them, it is management's responsibility to maintain the necessary expertise and the proper system of controls to properly generate a general ledger that does not require extensive adjustment to produce reliable financial information.

Recommendation: We recommend that accounting procedures be modified to record all transactions when incurred rather than when payment is received or when payment is made. In addition, a member of the audit committee should perform an internal review of information generated by the accounting system monthly to ensure that the Board of Directors receives accurate financial information.

Management Response: *The majority of the general ledger adjustments were associated with the Agency's large projects that occurred during 2011. Internal controls of accounting procedures will be modified to reduce future general ledger adjustments.*

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2011

FINDING 2010-1

Deficiency - Auditor Adjustments of General Ledger: In connection with our audit, we were required to make significant general ledger adjustments in order to assist Chemung County Industrial Development Agency in preparing the financial statements and related footnotes. Although these adjustments were reviewed in detail with management, who takes responsibility for them, it is management's responsibility to maintain the necessary expertise and the proper system of controls to properly generate a general ledger that does not require extensive adjustment to produce reliable financial information.

Resolution: This issue has not been resolved. In the current year, we still proposed numerous material adjustments to the general ledger.